

FIGHTERS FOR FREEDOM OF ISRAEL

D A I L Y   P R E S S   B U L L E T I N

No. 36

Tel-Aviv, 5th September, 1948

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1) STEAM ROLLER.

("Mivrak", 5.9.48.)

The proposed increase in the Income Tax may, at a first glance, have the appearance of a progressive measure, but the impression is deceptive, unless progressiveness is taken to mean a steadily growing pressure on all classes of society until they are squeezed dry.

No less misleading is the reference to the heavy taxation that existed in Britain during the war. The British Government gave much attention to the problem of maintaining a steady supply of essential commodities and their sale at prices that could be afforded by the working man. But the Government of Israel while imposing on the citizen heavy taxes gives nothing in exchange. It views with indifference the devilish dance of soaring commodity prices. It completely ignores the fact that more than a half of the population have to live on restricted rations, on the verge of starvation. A labourer or office worker earning LI 400 a year (LI 33 a month) must either bring down his standard of life to a very low level, or incur debts or to seek to augment his income by doubtful means. After deducing the Histadruth fees, LI 33 a month is a starvation salary, but even from that the working man is compelled to deduct further 5% for Income Tax. His only consolation is that people with higher incomes have to pay more, but this consolation is not likely to fill his empty stomach and give bread to his wife and children.

Nor does the Finance Minister's "progressive" Income Tax take into consideration the tax payer's financial position, i.e. whether his income is his sole means of existence or an addition to his capital. In fact the proposed bill seems to realize the popular proverb: By the time the fat man becomes thin, the thin man is dead of hunger.

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The Finance Minister has not yet disclosed whether or not he proposes to impose his "progressive" tax on foreign companies, especially on oil companies. We understand that our representative in the U. S. has given oil companies an undertaking that all the rights and privileges enjoyed by them under the British administration would be fully preserved. Exemption from all taxes is included in these privileges. That notwithstanding the exorbitant prices of fuel - approved by the Government - that are partly responsible for the rising costs of industrial and agricultural production and the ever increasing cost of living.

The public is fully prepared to make heavy sacrifices in order to gain victory in the war for national survival, but it has no desire to suffer additional hardship because of the Government's lack of ability to control the economic life of the country. The new income-tax law will meet with the same antagonism the recent increase in customs duties on essential commodities has met.

In addition it must be borne in mind that our national resources are limited. Even if the nation is sucked dry, the funds raised by taxation will be sufficient only for a short time, while the entire economy has been brought to a standstill by general conscription. In the circumstances only a vigorous prosecution of war, with a view to gaining a rapid decision, can save us. But as a result of the Government's policy, we are grounded on the sandbank of an indefinite and interminable truce. The truce means a waste of funds and our economic weakening. If carried too far the truce may become a curse from the evil effects of which we will be never able to recover. A bleeding cannot go on indefinitely, there is a limit after which no amount of transfused plasma will save the patient. An economic bleeding has its limit as well.

The tax bill is but a step in the policy of mistakes and failures followed by the incapable Government. Lacking in initiative and forethought, it attempts in vain to put new patches on its ragged garments, but rips and holes become increasingly numerous.

The national body is prostrate under the steam roller of high taxation. Its weight is unbearable, but what is worse - it does not pave way anywhere, for the Government has no idea at all what direction to follow.